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OPENING STATEMENT OF DARRELL ISSA, CHAIRMAN

Joint Oversight Hearing:
“Energy as a Weapon: Implications for U.S. Policy”
May 16, 2006, 2:00 p.m.
Room 2154 Rayburn House Office Building

OPENING STATEMENT OF CHAIRMAN DARRELL ISSA

Gasoline at over \$3 per gallon is a very visible sign of our energy dependence. But far less visible and perhaps a far more serious threat to our economic well-being and the pursuit of our vital national interest is the increasing constraint producing countries place on the full range of our foreign and domestic policy options.

Some producers have proven entirely too willing to use “energy as weapon,” or as “blackmail” in the words of Vice President Cheney. Others cannot resist the populist temptation to nationalize energy resources, despite history’s lesson that it undermines production over the long-term and acts as a destabilizing force once prices drop.

At the same time, other producers are undermined by insurgent groups seeking to cut off energy supplies from world markets. Consuming countries have belatedly reassessed their options in a shifting world of geopolitics—and more cooperation has become an absolute necessity. However, some consumers, such as China, have seemingly stepped away from the markets and sought out long-term supplies through state-to-state “mercantilist” agreements.

We must address some very important questions at today’s hearing.

- Have we allowed ourselves and our allies to become so “boxed in” by Iran, Venezuela, Russia, Nigeria, and Bolivia, that we cannot effectively counter the use of “energy as a weapon?”

- We know that the current energy crisis is demand-driven and not the result of an abrupt supply shock. But how susceptible are we to a supply shock in a global energy market with no spare production?
- What would a supply shock do to our economy and to those of our trading partners?
- How are the Departments of State and Energy working to ensure the supply of energy, and is the federal government doing enough to meet the challenges of today and tomorrow?

It is my hope that today's hearing will not only more clearly identify the ramifications of our energy dependency on our economic and national security interests, but also begin to identify how to deal with those ramifications. Last week Chairman Davis and I released a majority staff report entitled "Securing America's Energy Future". The report contains aggressive recommendations for lessening our dependence on foreign energy supplies.

Today we will hear from some of the best experts in the world on these issues. On the first panel, we are privileged to have here today:

- Assistant Secretary of Energy for Policy and International Affairs, Karen Harbert; and
- Deputy Assistant Secretary of State Paul Simons.

On the second panel, we have an extremely impressive group of witnesses.

- Dr. Daniel Yergin, Chairman, Cambridge Energy Research Associates;
- Ambassador Keith C. Smith, Senior Associate, Center for Strategic and International Studies; and
- Mr. David Goldwyn, Goldwyn International Strategies

I look forward to hearing from all of you today.